

Message Text

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ORIGIN EB-11

INFO OCT-01 ARA-11 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-09 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

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E. O. 11652: GDS

TAGS: EMIN ECON BR US

SUBJECT: STOCKPILE DISPOSAL - QUARTZ CRYSTAL

REF: RIO DE JANEIRO A-236, OCTOBER 10, 1972

SUMMARY: ALLEGING GSA SALES HAVE DISRUPTED MARKET AND REDUCED EXPORTS, GOB HAS REQUESTED GSA TO WITHDRAW COMPLETELY FROM QUARTZ CRYSTAL MARKET FOR FIVE YEARS. MINATT AND ECON/ COM OFFICERS REQUESTED CABLE REPORT ON BRAZILIAN QUARTZ INDUSTRY EXPORTS TO WORLD MARKET. END SUMMARY.

1. REGULAR GSA DISPOSAL RATE FOR HIGH- QUALITY STOCKPILE GRADE QUARTZ IS 200,000 POUNDS PER FISCAL YEAR, OF WHICH GSA HAS ALREADY SOLD 196,000 POUNDS.

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2. ON JANUARY 12, 1973 GSA INFORMED THE DEPT THAT TELE-QUARTZ EL TORTADORA LTDA OF RIO DE JANEIRO WANTED TO BUY 318,000 POUNDS LOW- QUALITY, SUB- SPECIFICATION, GRADE THREE QUARTZ, ALLEGING THAT IT UNABLE OBTAIN THIS ELSE-WHERE. THIS NON- ELECTRONIC, NON- OPTICAL QUALITY OFTEN IS USED BY JEWELRY AND LAPIDARY INDUSTRY.

3. ON JANUARY 12, DEPT INFORMED BRAZILIAN EMBASSY AND REQUESTED GOB VIEWS IN TWO WEEKS TIME. IT DID NOT RESPOND

WITHIN TIME PERIOD REQUESTED BY DEPT, NOR DID IT REQUEST EXTENSION OF TIME. CONSEQUENTLY DEPT GAVE CONCURRENCE TO GSA, WHICH HAS NOW SOLD THIS MATERIAL.

4. ON FEBRUARY 28, BRAZILIAN EMBASSY IN DIPLOMATIC NOTE SUDDENLY REQUESTED GSA TO WITHDRAW FROM QUARTZ CRYSTAL MARKET FOR FIVE YEARS. IT CITED REDUCTION OF EXPORTS TO U. S. FROM 544,000 POUNDS IN 1965 TO AN ESTIMATED 50,000 POUNDS IN 1972 DUE TO (A) COMPETITION FROM SYNTHETIC QUARTZ AND (B) ALLEGED GSA DISRUPTION OF MARKET THROUGH EXCESSIVE SALES.

5. NOTE: PRESENT STOCKPILE OBJECTIVE FOR ELECTRONIC GRADE QUARTZ IS 320,000 POUNDS, WHILE STOCKPILE INVENTORY OF ELECTRONIC GRADE QUARTZ IS ABOUT 4,300,000 POUNDS, LEAVING JUST UNDER 4,000,000 POUNDS AVAILABLE FOR DISPOSAL. REMAINING LOW- QUALITY SUB- SPECIFICATION QUARTZ IS MINIMAL.

ACTION REQUESTED: MINATT AND ECONOMIC/ COMMERCIAL OFFICERS REQUESTED TO CABLE REPORT ON STATE OF BRAZILIAN QUARTZ INDUSTRY, INCLUDING INFORMATION ABOUT PRICES, SUPPLY, DEMAND, AND EXPORTS TO WORLD MARKETS. ALSO REQUEST REPORT ON TELEQUARTZ AND USES IT INTENDS TO MAKE OF RECENTLY PURCHASED GRADE THREE QUARTZ. EMBASSY REQUESTED FOCUS ANSWER ON PROBLEM OF REGULAR ELECTRONIC GRADE QUARTZ IN WORLD MARKETS, WITH COMMENTS ON MARKET FOR GRADE THREE QUARTZ. ROGERS

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